CASE STUDY

How Cash Balance Plans Made the Difference

Business owners with high levels of "ordinary income," particularly those in higher-taxed states, often pay larger proportions of their incomes in taxes. The following case study illustrates how incorporating the tax-saving benefits of cash balance plans into the client conversation helped a senior advisor expand his influence and grow his practice.

Over the past 15 years, the advisor sold about a dozen cash balance plans, mostly to medical groups. Pleased with the growth of their retirement savings, many of the practice owners also brought him rollover IRA business.

However, the advisor's most notable win came after he met the owner of a chain of sandwich shops with more than 100 locations – an entrepreneur who was making very good money and paying a large tax bill each year.

Up until then, no one on the business owner's team, including his investment advisors and CPA, offered a meaningful solution to mitigate his tax burden. The owner shared, "The advisor made all the difference when he recommended a cash balance plan for my wife and me plus 12 of our full-time employees."

With the addition of the cash balance plan, the company was able to contribute hundreds of thousands of dollars a year which generated significant annual tax deductions, thus creating consistent tax deductions and years of predictable contributions for the company employees.

The owner recognized the tax-saving and potential for significant retirement savings provided by a cash balance plan. Pleased with the results, he rewarded the advisor with all his investment business. "My advisor helped me manage my wealth and not just my money. I've never considered using another advisor since."

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>
> *– Cash balance plan client*

Over time, the owner accumulated his lifetime limit in cash balance ($3 million at the time) and his spouse accumulated about $1.5 million. When the client sold his business and the plan was terminated, the advisor shared options for managing his rollover assets. The Advisor to this day actively manages the family's finances as their sole financial advisor.

Do you have clients or prospects looking to reduce their tax burden and accelerate their retirement savings?

Contact us to learn more about how to implement cash balance plans into your practice.

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